

# Capital Planning Committee

REPORT TO TOWN MEETING

Stephen J. Andrew  
Sandy Pooler  
Charles T. Foskett, Chairman  
Michael Morse  
Richard Viscay  
Anthony T. Lionetta, Secretary  
Brian H. Rehrig, Vice-Chairman  
Barbara Thornton

Moderator Appointee  
Deputy Town Manager  
FinCom Designee  
Town Treasurer Designee  
Town Comptroller  
Moderator Appointee  
Moderator Appointee  
Moderator Appointee

# Proposition 2½: Non-Exempt vs. Exempt

- ▶ Proposition 2½: State law enacted in 1980 limiting the tax levy to 2.5% of fair valuation and limiting increase in the levy to 2.5% of the prior levy plus new growth.
- ▶ Non-Exempt: Not exempt from the limits of Proposition 2½. Expenditures fall inside allowed tax growth limits of 2.5% per year plus new growth.
- ▶ Exempt: Expenditures are added to the tax-rate above the limits of Proposition 2½ via
  - ▶ Override referendum raising the overall tax rate beyond the limits of Proposition 2½ indefinitely, or
  - ▶ Debt Exclusion referendum which raises the tax rate to pay off specific borrowing

# Capital Budget and Plan

- ▶ The Capital Budget and Plan generally manage *non-exempt* capital expenditures (the Town Manager's Capital Budget)
- ▶ Citizen votes on debt-exclusion referenda generally manage *exempt* capital expenditures
- ▶ Since most Town expenditures by law must be appropriated by Town Meeting, Article 34 in the Annual Town Meeting votes appropriations for both *exempt* and *non-exempt* expenditures
- ▶ Articles 3 and 4 in the Special Town Meeting address both *non-exempt* and *exempt* capital expenditures

## Non-Exempt Capital Five Year History by Funding Source

### FY 2018 Capital Budget:

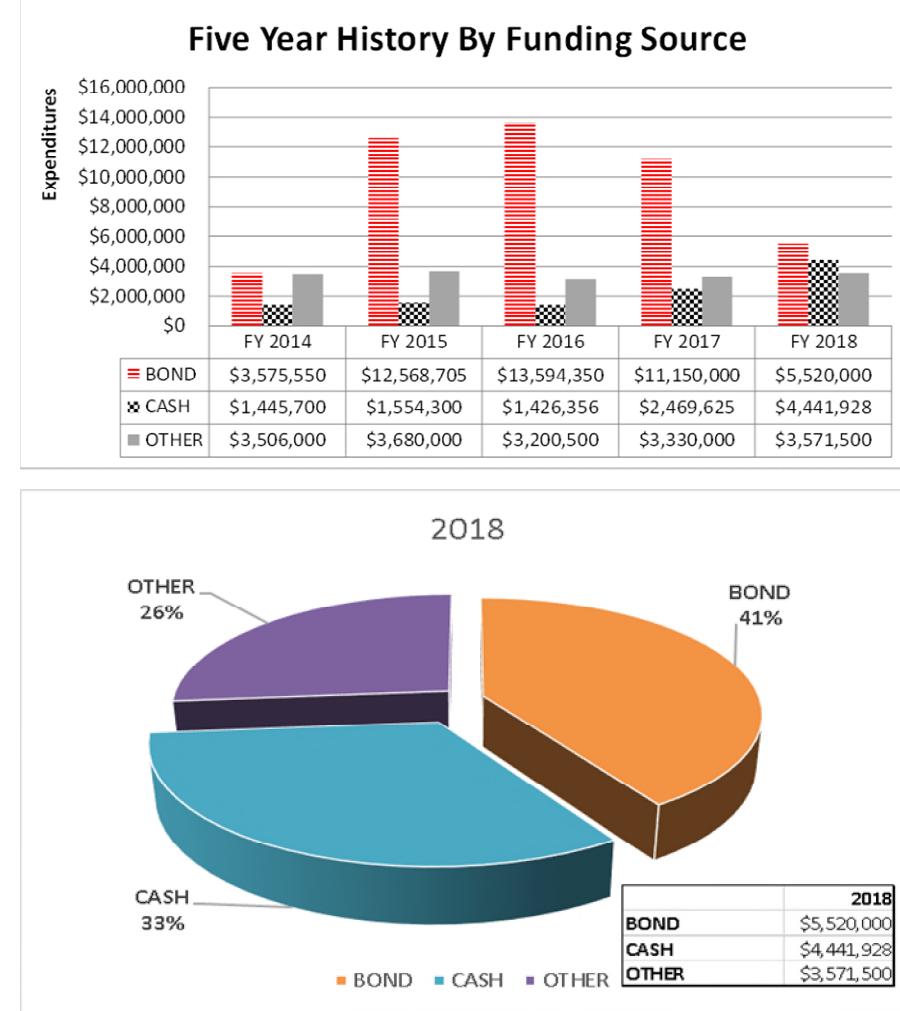
Bond: \$5,520,000

Cash: \$4,441,928

Other: \$3,571,500

Total: \$13,533,428

Amounts spread over Special Town Meeting and Annual Town Meeting, but all are in the Capital Plan



# The Non-Exempt Budget and Plan Meet Arlington's 5% Planning Objective

Arlington dedicates 5% of its non-exempt budget to capital expenditures

FY 2018 is within 5% of the FY 2018 adjusted budget

The Five-Year Capital Plan is within 5% of the nominal five year plan developed by the Long Range Planning Committee

Fiscal Year	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Total
Prior Non-Exempt Debt	\$7,192,219	\$6,096,240	\$5,346,815	\$4,489,902	\$3,823,015	\$26,948,191
Cash	\$4,441,928	\$2,518,309	\$2,539,701	\$2,206,035	\$2,700,544	\$14,406,517
New Non-Exempt Debt Service	\$89,600	\$581,543	\$1,347,776	\$2,597,433	\$2,879,392	\$7,495,744
BAN Interest and Principal	\$0	\$4,000	\$0	\$0	\$0	\$4,000
<b>Total Non-Exempt Tax Burden</b>	<b>\$11,723,747</b>	<b>\$9,200,092</b>	<b>\$9,234,292</b>	<b>\$9,293,370</b>	<b>\$9,402,951</b>	<b>\$48,854,452</b>
<b>Direct funding sources:</b>						
Non-exempt Bond Premium FY2017	(\$2,154,418)					(\$2,154,418)
Rink Enterprise Funds	(\$85,153)	(\$82,591)	(\$79,966)	(\$28,128)	(\$27,078)	(\$302,916)
Ambulance Revolving Fund	(\$53,156)	(\$104,025)	(\$96,070)	(\$82,965)	(\$112,460)	(\$448,676)
Capital Carry Forwards	(\$341,778)	(\$100,000)	(\$100,000)	(\$100,000)	(\$50,000)	(\$691,778)
Antennae Funds	(\$197,000)	(\$190,834)	(\$193,886)	(\$195,922)	(\$197,280)	(\$974,922)
Urban Renewal Fund	(\$43,844)	(\$42,444)	(\$41,044)	(\$39,644)	(\$38,244)	(\$205,219)
Asset Sale Proceeds	(\$500,000)	(\$250,000)				(\$750,000)
<b>Adjust for Roadway Reconstruction Override 2011</b>	<b>(\$452,563)</b>	<b>(\$463,877)</b>	<b>(\$475,474)</b>	<b>(\$487,361)</b>	<b>(\$499,545)</b>	<b>(\$2,378,821)</b>
<b>Adjust for 2016 and prior Bond Premium</b>	<b>(\$589,033)</b>	<b>(\$552,822)</b>	<b>(\$516,611)</b>	<b>(\$260,240)</b>		<b>(\$1,918,706)</b>
<b>Adjust for 2017 encumbered debt service</b>	<b>(\$266,516)</b>					<b>(\$266,516)</b>
<b>Net Non-Exempt Plan</b>	<b>\$7,040,286</b>	<b>\$7,413,499</b>	<b>\$7,731,242</b>	<b>\$8,099,110</b>	<b>\$8,478,344</b>	<b>\$38,762,480</b>
<b>Pro Forma Budget</b>	<b>\$140,827,698</b>	<b>\$147,617,927</b>	<b>\$154,744,444</b>	<b>\$161,921,500</b>	<b>\$169,638,931</b>	<b>\$774,750,501</b>
<b>Budget For Plan at 5%</b>	<b>\$7,041,385</b>	<b>\$7,380,896</b>	<b>\$7,737,222</b>	<b>\$8,096,075</b>	<b>\$8,481,947</b>	<b>\$38,737,525</b>
<b>Plan as % of Revenues</b>	<b>5.00%</b>	<b>5.02%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.00%</b>
<b>Variance From Budget</b>	<b>\$1,099</b>	<b>(\$32,602)</b>	<b>\$5,981</b>	<b>(\$3,035)</b>	<b>\$3,603</b>	<b>(\$24,955)</b>

## Select Expenditures in Budget and Plan

Expenditure	Amount	Exempt/Non-Exempt/Both/Fund	ATM/STM/PLAN
Hardy School Extension	\$3,500,000	Non-Exempt	STM
Gibbs School Project	\$27,000,000	96% Exempt, 4% Non-Exempt	STM
Mystic Street Bridge	\$1,100,000	Non-Exempt	PLAN
DPW Facility	\$10,250,000	Non-exempt	PLAN
Pumper and Ambulance	\$815,000	Non-Exempt	ATM
Senior Center Project	\$4,500,000	Non-Exempt	ATM, PLAN
Water/Sewer	\$12,900,000	Non-Exempt, Fund	ATM, PLAN
Total Five Year Plan	\$61,550,017	Non-Exempt, Fund	STM, ATM, PLAN

# Stratton Project Review

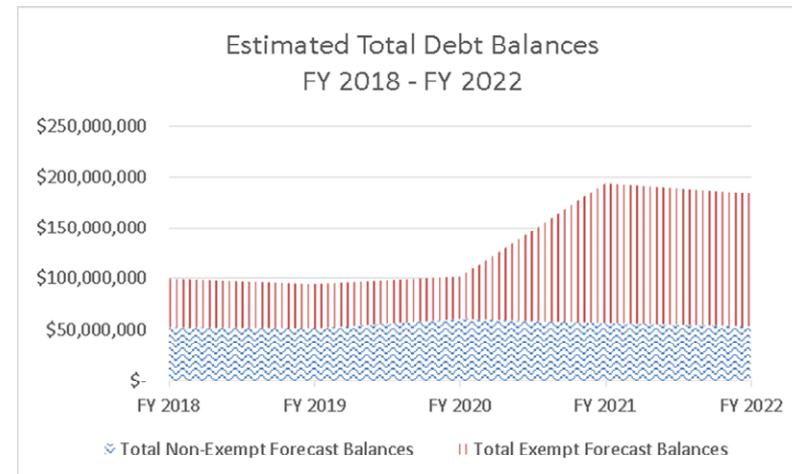
- ▶ MASS Department of Revenue allowed \$2 million more exempt borrowing than the Capital Planning Committee projected to Town Meeting
- ▶ Town owned asset is selling for \$750,000, not \$1,000,000
- ▶ Arlington's Permanent Town Building Committee managed the project to save Arlington \$1,500,000 !!!
- ▶ Surplus is proposed to be applied to Gibbs and Mystic Street Bridge project

Stratton Funding Plan Changes	Plan STM January 2015	Plan Post Nov 2016 Borrowing	Plan Following PTBC Savings May 2017
<b>Total Original Project Cost</b>	<b>\$15,798,000</b>		<b>\$15,798,000</b>
PTBC Savings 1 (Money Not Borrowed)			<b>(\$1,000,000)</b>
PTBC Savings 2 (Borrowed But Unused)			<b>(\$500,000)</b>
<b>New Project Cost</b>			<b>\$14,293,000</b>
Non-exempt in 2017 Capital Plan bonding	<b>\$6,319,206</b>	<b>\$6,319,206</b>	<b>\$3,319,000</b>
Prior BAN	<b>\$1,085,000</b>	<b>\$1,085,000</b>	<b>\$1,085,000</b>
Less Unused Debt			<b>(\$500,000)</b>
<b>Total non-exempt Debt</b>	<b>\$7,404,206</b>	<b>\$7,404,206</b>	<b>\$3,904,000</b>
Less asset Sale Contribution		<b>(\$750,000)</b>	
Less Increase In Exempt Debt		<b>(\$1,532,206)</b>	
Net Total Non-exempt Debt		<b>\$5,122,000</b>	
Apply Capital Carryforward	<b>1,642,000</b>	<b>1,642,000</b>	<b>1,642,000</b>
<b>Total non-exempt contribution</b>	<b>\$9,045,206</b>	<b>\$6,764,000</b>	<b>\$5,546,000</b>
 Asset Sale Contribution		<b>\$750,000</b>	
Revised Non-exempt Contribution	<b>\$9,045,206</b>	<b>\$7,514,000</b>	
Exempt Debt Applied	<b>\$6,745,794</b>	<b>\$8,279,000</b>	
Exempt Premium		<b>\$466,000</b>	
Exempt Subtotal	<b>\$6,745,794</b>	<b>\$8,747,000</b>	<b>\$8,747,000</b>
 Project Total	<b>\$15,798,000</b>	<b>\$15,798,000</b>	<b>\$14,293,000</b>
 Sources and Uses of Stratton Savings			
Proceeds From asset sales			<b>\$750,000</b>
Repurposing of unused borrowed funds			<b>\$500,000</b>
Total PTBC Savings			<b>\$1,250,000</b>
 Application to Gibbs Project			<b>(\$1,000,000)</b>
Application to Mystic Street Bridge			<b>(\$250,000)</b>
 Balance			<b>-</b>

# School Facilities Investment

	2015	2016	2017	2018	2019	2020	2021	2022	Grand Total
Exempt funding	\$0	\$0	\$12,279,000	\$28,000,000	\$0	\$100,000,000	\$0	\$0	\$140,279,000
Non-exempt Capital Plan	\$565,000	\$1,935,000	\$8,404,041	\$4,695,000	\$554,000	\$505,000	\$630,000	\$326,000	\$17,344,041
Total Investment	\$565,000	\$1,935,000	\$20,683,041	\$32,695,000	\$550,000	\$100,505,000	\$630,000	\$326,000	\$157,823,041

- ▶ Expanding school enrollment has been putting pressure on school facilities (Gibbs, Thompson, Hardy)
- ▶ Arlington High School is aged and citizens voted to exclude feasibility study
- ▶ AHS renewal will add significantly to Arlington's total debt in years ahead



## Two Projects Funded by Your Capital Budget



Arlington Police HQ Community Safety



Arlington Fire HQ Central Station